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**CITY OF HAZLEHURST, MISSISSIPPI**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**SEPTEMBER 30, 2019**

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**Auditor's Responsibility - continued:**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Hazlehurst, Mississippi as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-12, budgetary comparison information on pages 53-56, schedule of changes in net pension liability and related ratios on page 57, and the schedule of employer contributions on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hazlehurst, Mississippi's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules included in the supplementary information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Haddox Reid Embank Beth PLLC*

Jackson, Mississippi  
September 25, 2020

**CITY OF HAZLEHURST, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Statement of Net Position and the Statement of Activities**

While this report contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole is presented in the Statement of Net Position and the Statement of Activities.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net position for the 2019 fiscal year and changes in them. The City's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, including police, fire, court, public works, instruction and recreation and general administration. Property taxes, sales taxes, police fines/fees and franchise fees finance most of these activities.
- **Business-Type Activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

The analysis of the City's major funds begins on page 15. The fund financial statements provide detailed information about the City's most significant funds - not the City as a whole. Based on restrictions on the use of monies, the City has established many funds, which account for the multitude of services provided to the City's residents. Some funds are required to be established by State law while others are established by the City to help control and manage

**CITY OF HAZLEHURST, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED:**

**The City as Trustee**

Reporting the City's Fiduciary Responsibilities

The City is trustee, or fiduciary, for its Unemployment Compensation Private-Purpose Trust Fund. This fiduciary activity is reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position. The activity of this fund is excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**FINANCIAL ANALYSIS OF THE CITY**

The Statement of Net Position looks at the City as a whole. The City's combined net position was \$5,347,425 as of September 30, 2019. Table 1 provides a summary of the City's net position.

**(Table 1)**  
**Condensed Statement of Net Position**  
**at September 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 3,451,920	4,116,619	1,292,005	1,096,079	4,743,925	5,212,698
Capital assets, net	<u>4,056,820</u>	<u>2,868,806</u>	<u>5,395,296</u>	<u>5,798,621</u>	<u>9,452,116</u>	<u>8,667,427</u>
Total assets	<u>7,508,740</u>	<u>6,985,425</u>	<u>6,687,301</u>	<u>6,894,700</u>	<u>14,196,041</u>	<u>13,880,125</u>
Deferred outflows of resources:						
Deferred outflows related to pension	<u>217,009</u>	<u>472,191</u>	<u>52,852</u>	<u>123,628</u>	<u>269,861</u>	<u>595,819</u>
Total deferred outflows of resources	<u>217,009</u>	<u>472,191</u>	<u>52,852</u>	<u>123,628</u>	<u>269,861</u>	<u>595,819</u>

**CITY OF HAZLEHURST, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**FINANCIAL ANALYSIS OF THE CITY - CONTINUED:**

The largest portion of the City's total assets (66.6%) is in net capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 shows the Changes in Net Position for the years ended September 30, 2019 and 2018.

(Table 2)  
**Condensed Statement of Changes in Net Position**  
**for the Years Ended September 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 597,996	594,275	1,368,384	1,255,584	1,966,380	1,849,859
Capital grants and contributions	284,500	85,613	-	-	284,500	85,613
General revenues:						
Property taxes	1,087,456	978,859	-	-	1,087,456	978,859
Sales taxes	1,406,226	1,384,707	-	-	1,406,226	1,384,707
Other	601,526	563,806	10,845	531	612,371	564,337
Total revenues	<u>3,977,704</u>	<u>3,607,260</u>	<u>1,379,229</u>	<u>1,256,115</u>	<u>5,356,933</u>	<u>4,863,375</u>
<b>EXPENSES:</b>						
General government	563,242	546,597	-	-	563,242	546,597
Public safety	1,655,038	1,721,424	-	-	1,655,038	1,721,424
Court	285,782	240,225	-	-	285,782	240,225
Public works	1,028,217	1,068,620	-	-	1,028,217	1,068,620
Instruction and recreation	139,753	142,122	-	-	139,753	142,122
Interest and fiscal charges on lon	111,480	6,756	-	-	111,480	6,756
Water and sewer	-	-	1,430,687	1,772,565	1,430,687	1,772,565
Total expenses	<u>3,783,512</u>	<u>3,725,744</u>	<u>1,430,687</u>	<u>1,772,565</u>	<u>5,214,199</u>	<u>5,498,309</u>

**CITY OF HAZLEHURST, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**BUDGETARY HIGHLIGHTS**

The City's budgets are prepared according to Mississippi law and are based on accounting for transactions on a modified-cash basis. The most significant budgeted fund is the General Fund. During 2019, the City of Hazlehurst amended its General Fund budget one time. All recommendations for a budget change come from the City Clerk and are presented to the Mayor and Board of Alderpersons for review before being amended by the Board of Alderpersons at a regular monthly board meeting. The City does not allow budget changes that modify line items within departments without Board approval.

With the General Fund supporting many of our major activities, such as our police and fire departments, as well as general government activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments. For the General Fund, original budgeted revenues for fiscal year 2019 were \$3,315,615; final budget amounts were \$3,364,715; and actual revenue collections were \$3,511,487. General Fund operating expenditures were \$3,273,261 compared to final budgeted amounts of \$3,565,471.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2019, the City had over \$9.4 million invested in a broad range of capital assets, including police and fire equipment, motor vehicles, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 3 below.)

(Table 3)  
**Capital Assets at September 30, 2019 and 2018**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 133,327	133,327	38,400	38,400	171,727	171,727
Improvements other than buildings	608,363	359,868	-	-	608,363	359,868
Buildings	1,252,989	1,290,108	-	-	1,252,989	1,290,108
Machinery and equipment	574,740	499,003	64,322	73,289	639,062	572,292
Motor vehicles	105,068	140,267	10,149	11,259	115,217	151,526
Infrastructure	426,241	446,233	-	-	426,241	446,233
Construction in progress	956,092	-	-	-	956,092	-
Water system	-	-	2,407,698	2,558,695	2,407,698	2,558,695
Sewer system	-	-	2,874,727	3,116,978	2,874,727	3,116,978
<b>Total</b>	<b>\$ 4,056,820</b>	<b>2,868,806</b>	<b>5,395,296</b>	<b>5,798,621</b>	<b>9,452,116</b>	<b>8,667,427</b>



**CITY OF HAZLEHURST, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The General Fund's largest single revenue source is sales tax. The City believes sales tax revenue will increase in 2020 based on new developments within the City.

The largest revenue source for the water and sewer fund is water and sewer sales, estimated at \$1,283,000 for the next fiscal year.

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Pamela Wilbert at 209 S. Extension Street, Hazlehurst, Mississippi 39083.

	Governmental Activities	Business-Type Activities	Total
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 142,418	69,849	212,267
Accrued liabilities	9,598	6,076	15,674
Accrued interest payable	15,398	-	15,398
Customer deposits	-	258,760	258,760
Due to other governments	24,900	2,804	27,704
Unearned revenue	15,723		15,723
Noncurrent liabilities:			
Due within one year:			
Loans and leases payable	37,838	53,637	91,475
Bonds payable	55,000	-	55,000
Due in more than one year:			
Compensated absences	160,069	24,061	184,130
Loans and leases payable	206,214	549,568	755,782
Bonds payable	1,440,000	-	1,440,000
Net pension liability	3,707,830	903,025	4,610,855
Total liabilities	<u>5,814,988</u>	<u>1,867,780</u>	<u>7,682,768</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflows related to pension	240,900	58,670	299,570
Deferred property tax revenue	<u>1,136,139</u>	<u>-</u>	<u>1,136,139</u>
Total deferred inflows of resources	<u>1,377,039</u>	<u>58,670</u>	<u>1,435,709</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	2,317,768	4,792,091	7,109,859
Restricted for:			
Fire prevention	8,815	-	8,815
Parks	75,031	-	75,031
Library	30,763	-	30,763
Debt service	19,854	-	19,854
Capital projects	558,256	-	558,256
Unrestricted	<u>(2,476,765)</u>	<u>21,612</u>	<u>(2,455,153)</u>
	\$ <u>533,722</u>	<u>4,813,703</u>	<u>5,347,425</u>

Net (Expenses) Revenues and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
(530,540)	-	(530,540)
(1,506,468)	-	(1,506,468)
(285,782)	-	(285,782)
(344,832)	-	(344,832)
(121,914)	-	(121,914)
<u>(111,480)</u>	<u>-</u>	<u>(111,480)</u>
<u>(2,901,016)</u>	<u>-</u>	<u>(2,901,016)</u>
<u>-</u>	<u>(62,303)</u>	<u>(62,303)</u>
<u>-</u>	<u>(62,303)</u>	<u>(62,303)</u>
<u>(2,901,016)</u>	<u>(62,303)</u>	<u>(2,963,319)</u>
1,087,456	-	1,087,456
1,406,226	-	1,406,226
56,893	-	56,893
123,664	-	123,664
138,654	-	138,654
117,228	-	117,228
39,400	10,845	50,245
125,687	-	125,687
60,000	(60,000)	-
<u>3,155,208</u>	<u>(49,155)</u>	<u>3,106,053</u>
254,192	(111,458)	142,734
<u>279,530</u>	<u>4,925,161</u>	<u>5,204,691</u>
<u>533,722</u>	<u>4,813,703</u>	<u>5,347,425</u>

**CITY OF HAZLEHURST, MISSISSIPPI**

**RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

<b>Total fund balances - governmental funds</b>		<b>\$ 2,073,334</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	7,999,097	
Less accumulated depreciation	<u>(3,942,277)</u>	4,056,820
Fines and forfeits that were earned in the current period but not received within 60 days are not recognized in the fund statement but recognized under full accrual.		
		49,808
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds:		
Net pension liability		(3,707,830)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pension	217,009	
Deferred inflows of resources related to pension	<u>(240,900)</u>	(23,891)
Long-term liabilities of governmental funds are not due and payable in the current period and, therefore, are not reported in the funds. These long-term liabilities consist of:		
Capital leases payable	(244,052)	
Bonds payable	(1,495,000)	
Accrued interest payable	(15,398)	
Compensated absences	<u>(160,069)</u>	<u>(1,914,519)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>533,722</u></b>

The accompanying notes are an integral part of this statement.

**CITY OF HAZLEHURST, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - CONTINUED:  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>2018 Street Paving Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>216,758</u>	<u>(992,092)</u>	<u>(48,724)</u>	<u>(824,058)</u>
Other financing sources (uses):				
Proceeds from issuance of capital lease	<u>89,682</u>	<u>-</u>	<u>-</u>	<u>89,682</u>
Total financing sources (uses)	<u>89,682</u>	<u>-</u>	<u>-</u>	<u>89,682</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	306,440	(992,092)	(48,724)	(734,376)
Fund balances at beginning of year	<u>1,079,080</u>	<u>1,549,934</u>	<u>178,696</u>	<u>2,807,710</u>
Fund balances at end of year	\$ <u><u>1,385,520</u></u>	<u><u>557,842</u></u>	<u><u>129,972</u></u>	<u><u>2,073,334</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF HAZLEHURST, MISSISSIPPI**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2019**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 803,529
Receivables (net of allowance for uncollectibles, where applicable):	
Accounts	148,182
Due from other funds	26,196
Inventories at cost	47,973
Prepaid expenses	7,365
Total current assets	<u>1,033,245</u>

Restricted assets:

Cash and cash equivalents	<u>258,760</u>
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Property, plant and equipment:

Land	38,400
Buildings	56,107
Water system	6,764,235
Sewer system	9,366,758
Machinery and equipment	561,832
Motor vehicles	205,203
	<u>16,992,535</u>

Less accumulated depreciation (11,597,239)

Net property, plant and equipment 5,395,296

Total assets 6,687,301

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension	<u>52,852</u>
Total deferred outflows of resources	<u>52,852</u>

The accompanying notes are an integral part of this statement.

**CITY OF HAZLEHURST, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**OPERATING REVENUES:**

Water sales	\$ 901,294
Sewer rentals	414,237
Tap fees and connection fees	24,672
Miscellaneous receipts	<u>28,181</u>
Total operating revenues	<u>1,368,384</u>

**OPERATING EXPENSES:**

Personal services	470,422
Supplies	132,347
Other services and charges	456,008
Depreciation	<u>415,088</u>
Total operating expenses	<u>1,473,865</u>

**OPERATING LOSS** (105,481)

**NON-OPERATING REVENUES (EXPENSES):**

Interest on investments	10,845
Interest and fiscal charges	<u>(16,822)</u>
Total non-operating revenues (expenses)	<u>(5,977)</u>

**CHANGE IN NET POSITION** (111,458)

**NET POSITION AT BEGINNING OF YEAR** 4,925,161

**NET POSITION AT END OF YEAR** \$ 4,813,703

The accompanying notes are an integral part of this statement.

**CITY OF HAZLEHURST, MISSISSIPPI**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - CONTINUED:  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED IN OPERATING ACTIVITIES:**

Operating loss	\$ <u>(105,481)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	415,088
(Increase) decrease in:	
Accounts receivable	(46,235)
Prepaid expenses	6,478
Deferred outflows related to pension	70,776
Increase (decrease) in:	
Accounts payable	(39,972)
Accrued liabilities	3,212
Compensated absences	(1,843)
Customer deposits	8,405
Net pension liability	(67,805)
Deferred inflows related to pension	<u>(16,540)</u>
Total adjustments	<u>331,564</u>
Net cash provided by operating activities	\$ <u><u>226,083</u></u>

The accompanying notes are an integral part of this statement.



**CITY OF HAZLEHURST, MISSISSIPPI**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
UNEMPLOYMENT COMPENSATION PRIVATE-PURPOSE TRUST FUND  
SEPTEMBER 30, 2019**

**ADDITIONS:**

Interest earnings	\$ <u>139</u>
Total additions	139

**DEDUCTIONS**

-

**CHANGES IN NET POSITION HELD IN TRUST**

139

**NET POSITION, BEGINNING OF YEAR**

10,695

**NET POSITION, END OF YEAR**

\$ 10,834

The accompanying notes are an integral part of this statement.

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

**A. GOVERNMENT - WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED:**

the City include general government, public safety (police, fire and communications), court, public works, and instruction and recreation. The business-type activity of the City includes the water and sewer system.

The Statement of Activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City, in general, considers revenues available if they are collected within 60 days after year-end except for property taxes, which the City considers available if they are collected within 30 days of year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - CONTINUED:**

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund of the City are charges to customers for sales and services. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include demand deposit accounts, petty cash, certificates of deposit, and U.S. Treasury Bills with a maturity date generally within 90 days of the date acquired by the City. The City did not hold any investments at September 30, 2019. Collateral, as further discussed in Note 3, is pledged by the various banks to collateralize City funds.

**D. RECEIVABLES**

Receivables, net of estimated uncollectable accounts, are reported in the governmental and proprietary financial statements for goods and services, taxes, loans, grants and interest. The estimated uncollectable amounts by fund are reported in Note 4.

**E. INVENTORIES**

Inventories of the proprietary fund are recorded and accounted for at cost.

**F. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide statements and fund financial statements.

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

**H. BUDGETS AND BUDGETARY ACCOUNTING - CONTINUED:**

accounting requires that the "Budget to Actual" statement be prepared according to budgetary laws and the "Combined Statement of Revenues, Expenditures, and Fund Balance" be prepared according to the modified accrual basis (GAAP).

Budgets of proprietary funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is maintained at a department level. Budgets are amended by resolution of the Board of Alderpersons to authorize expenditures of various grants received and to adjust department budgets as required.

Budgeted amounts are as originally adopted, or as amended by the Mayor and Board of Alderpersons. Appropriations are budgeted at the department level. The management of the City has no authority to amend the budget at department level or higher. City and state laws and ordinances require the Mayor and Board of Alderpersons to authorize all budget amendments. Expenditures may not legally exceed budgeted appropriations at the department level.

**I. CAPITAL ASSETS**

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, motor vehicles, water system, sewer system, and infrastructure assets (street systems, storm drains, traffic signals, etc.), are reported in both the governmental activities and business-type activities columns of the government-wide financial statements. Capital asset thresholds are as follows:

<u>Asset</u>	<u>Threshold</u>
Land	\$ N/A
Infrastructure	N/A
Furniture, vehicles and equipment	5,000
Improvements other than buildings	25,000
Buildings	50,000

Such assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition value.

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

**L. COMPENSATED ABSENCES - CONTINUED:**

to carry unused vacation days forward from year to year. For proprietary funds and the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds in the fund financial statements all of the compensated absences are considered to be long-term and therefore, are not a fund liability. An accrual of \$184,130 has been made in the Statement of Net Position for vacation time available at September 30, 2019. No liability is recorded for nonvesting accumulating rights to receive sick pay.

**M. UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES**

Unearned revenue is a liability that arises when resources are obtained before revenue recognition criteria, other than time recognition criteria, have been satisfied. Resources that are obtained before time recognition criteria have been satisfied are classified as deferred inflows of resources.

**N. LONG-TERM LIABILITIES**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. The unamortized portion of the deferred on refunding is recorded as either a deferred outflow of resources or deferred inflow of resources. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs are expensed during the current period. Amortization of bond premiums, discounts, and deferred amounts on refunding are included in interest expense.

**O. NET POSITION AND FUND BALANCES**

Net position in government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

**O. NET POSITION AND FUND BALANCES - CONTINUED:**

When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications can be used, it is the City's policy to use restricted resources first, followed by committed amounts, assigned amounts and then unassigned amounts.

**P. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

**Q. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2 - PROPERTY TAX**

Property taxes for fiscal year 2019 were levied in September 2018 on the assessed valuation of property located in the City of Hazlehurst as of the preceding January 1, the lien date. Revenues from property taxes are recognized in the fiscal year for which property taxes are levied. The financial statements reflect the accrual of the estimated fiscal year 2020 property taxes levied in September 2019. The City has recorded deferred inflows of resources for the estimated fiscal year 2020 property taxes as of September 30, 2019.

The City levies property taxes annually based upon assessed valuations. The City bills and collects its own real, public utility and personal property taxes. Automobile ad valorem taxes and certain road taxes are collected by the tax collector of Copiah County and are disbursed to the City accordingly. The levy date for real and personal property, exclusive of

CITY OF HAZLEHURST, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 3 - CASH AND INVESTMENTS - CONTINUED:

Deposits

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. Deposits at September 30, 2019 are summarized as follows:

	Reported Amount	Bank Balance
Cash	\$ 2,997,848	3,332,446

The difference of \$334,598 was principally due to outstanding checks. Of the bank balance, \$500,000 was covered by Federal Depository Insurance.

As of September 30, 2019, \$2,832,446 of the City's bank balance of \$3,332,446 was exposed to custodial credit risk as follows:

Collateralized by the State Public Funds:	
Guaranty Pool	\$ 2,832,446
Total	\$ 2,832,446

*Custodial Credit Risk - Deposits* - Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2019, the entire bank balance was covered by Federal depository insurance or collateralized in accordance with state law.

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 4 - RECEIVABLES**

Receivables at September 30, 2019 were as follows:

	<u>Governmental Activities</u>		<u>Business- Type Activities</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Receivables:				
Accounts	\$ 2,532,434	-	194,328	2,726,762
Taxes	942,829	214,768	-	1,157,597
Other	12,016	-	-	12,016
Due from other governments	228,698	419	-	229,117
Gross receivables	<u>3,715,977</u>	<u>215,187</u>	<u>194,328</u>	<u>4,125,492</u>
Less: allowance for uncollectible accounts	<u>(2,399,533)</u>	<u>-</u>	<u>(46,146)</u>	<u>(2,445,679)</u>
Net total receivables	\$ <u>1,316,444</u>	<u>215,187</u>	<u>148,182</u>	<u>1,679,813</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019 was as follows:

	<u>Balance at October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2019</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 133,327	-	-	133,327
Construction in Progress	-	956,092	-	956,092
Total	<u>133,327</u>	<u>956,092</u>	<u>-</u>	<u>1,089,419</u>
Depreciable assets:				
Buildings	2,321,611	-	-	2,321,611
Improvements other than buildings	625,153	277,010	-	902,163
Machinery and equipment	1,458,392	159,568	-	1,617,960
Motor vehicles	655,711	-	-	655,711
Infrastructure	1,412,233	-	-	1,412,233
Total	<u>6,473,100</u>	<u>436,578</u>	<u>-</u>	<u>6,909,678</u>
Total capital assets	<u>6,606,427</u>	<u>1,392,670</u>	<u>-</u>	<u>7,999,097</u>



**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 5 - CAPITAL ASSETS - CONTINUED:**

	Balance at October 1, 2018	Additions	Deletions	Balance at September 30, 2019
Less accumulated depreciation for:				
Buildings	\$ (56,107)	-	-	(56,107)
Machinery and equipment	(476,780)	(20,730)	-	(497,510)
Motor vehicles	(193,945)	(1,109)	-	(195,054)
Water system	(4,205,538)	(150,999)	-	(4,356,537)
Sewer system	(6,249,781)	(242,250)	-	(6,492,031)
Total accumulated depreciation	<u>(11,182,151)</u>	<u>(415,088)</u>	<u>-</u>	<u>(11,597,239)</u>
Total business-type activities capital assets, net	\$ <u>5,798,621</u>	<u>(403,325)</u>	<u>-</u>	<u>5,395,296</u>

Depreciation expense for business-type activities is charged to functions as follows:

Water and sewer	\$ <u>415,088</u>
Total depreciation expense - business-type activities	\$ <u><u>415,088</u></u>

**NOTE 6 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2019:

	Beginning Balance October 1, 2018	Additions/ Proceeds	Reductions/ Payments	Ending Balance September 30, 2019	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 1,550,000	-	(55,000)	1,495,000	55,000
Capital lease obligations	212,799	89,682	(58,429)	244,052	37,838
Compensated absences	<u>162,811</u>	<u>-</u>	<u>(2,742)</u>	<u>160,069</u>	<u>-</u>
Governmental activities total	<u>1,925,610</u>	<u>89,682</u>	<u>(116,171)</u>	<u>1,899,121</u>	<u>92,838</u>
Business-type activities:					
Notes payable	655,379	-	(52,174)	603,205	53,637
Compensated absences	<u>25,904</u>	<u>-</u>	<u>(1,843)</u>	<u>24,061</u>	<u>-</u>
Business-type activities total	<u>681,283</u>	<u>-</u>	<u>(54,017)</u>	<u>627,266</u>	<u>53,637</u>
Government-wide total	\$ <u>2,606,893</u>	<u>89,682</u>	<u>(170,188)</u>	<u>2,526,387</u>	<u>146,475</u>

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 6 - LONG-TERM LIABILITIES - CONTINUED:**

Notes

\$517,534 note payable to the Mississippi Department of Economic and Community Development (MDECD) under MDECD's Capital Improvements Revolving Loan Program for the construction of a water tank. Payments including interest at 3.00% are due monthly through September 30, 2024. \$ 140,400

\$221,556 note payable to the Mississippi Department of Environmental Quality used for the construction of pollution control projects. The note will be paid by \$1,324 being withheld from the City's monthly sales tax reimbursement for 237 months beginning June 2013. The payment includes interest at 1.75%. 158,903

\$337,625 note payable to the Mississippi Development Authority used for the construction of sewer system improvements. Payments in the amount of \$1,856, including interest at 3.00%, are due monthly starting February, 2017 and continue through January 1, 2037. 303,902  
\$ 603,205

Capital Lease Obligations

The City has entered into lease agreements for financing the acquisition of equipment utilized in the police, fire and public works departments. The leases qualify as capital leases for accounting purposes and, therefore, have been reported at the present value of the future minimum lease payments as of the inception date. The equipment purchased under the capital leases total \$697,242 and are included in the capital assets of the City. The amortization of the equipment has been included in the City's depreciation expense. The outstanding balance due on lease agreements was \$244,052 at September 30, 2019.

**NOTE 7 - INTERFUND RECEIVABLES AND TRANSFERS**

The following interfund receivables and payables are included in the fund financial statements at September 30, 2019:

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

**General Information about the Pension Plan - continued:**

employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

For the year ended September 30, 2019, the City's total payroll for all employees was \$1,650,364. Total covered payroll was \$1,633,731. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

*Contributions:* PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The City's required contribution rate increased effective July 1, 2019 for 15.75% to 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ended September 30, 2019, 2018 and 2017 were \$263,613, \$285,462, and \$267,126, respectively, which equaled the required contributions for each year.

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - continued:**

The \$66,437 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30,	
2020	\$ 19,240
2021	(84,154)
2022	(52,284)
2023	<u>21,051</u>
Total	\$ <u>(96,147)</u>

*Actuarial Assumptions.* The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of Plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - continued:**

	City's Proportionate Share of Net <u>Pension Liability</u>
1.00% decrease (6.75%)	\$ 6,061,130
Current discount rate (7.75%)	4,610,855
1.00% increase (8.75%)	3,413,785

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

**NOTE 9 - CONTINGENT LIABILITIES**

Litigation

The City has pending legal claims incurred in the normal course of operations that in the opinion of City officials can be disposed of without material adverse effect on the financial position or results of operations of the City.

Federal Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which, may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries

CITY OF HAZLEHURST, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:

Recently Issued Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 87, *Leases*, issued June 2017, will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 90, *Majority Equity Interests* as an amendment of GASB Statements No. 14 and No. 61, issued August 2018, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and also improves the relevance of the financial statement information for certain component units. The requirements of this Statement are effective for periods beginning after December 15, 2018. This accounting pronouncement is not expected to impact the City's financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER THAN MD&A**



**CITY OF HAZLEHURST, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE - CONTINUED:**

**GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	\$ (101,039)	(200,756)	327,908	528,664
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>719,063</u>	<u>719,063</u>	<u>719,063</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	\$ <u>618,024</u>	<u>518,307</u>	<u>1,046,971</u>	<u>528,664</u>
<b>EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY FUND BALANCE AND GAAP FUND BALANCE:</b>				
Fund balance - budgetary basis				\$ 1,046,971
Adjustment to GAAP basis:				
Add accrued revenue:				
Ad valorem taxes				19,490
Franchise fees				519
Intergovernmental				228,698
Administrative fees - water				5,000
Police fines - net				19,460
Other revenue				12,016
Sanitation fees				33,215
Add prepaid expenses				<u>20,151</u>
Fund balance - GAAP basis				\$ <u>1,385,520</u>

See accompanying notes to required supplemental information schedules.



**CITY OF HAZLEHURST, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND EXPENDITURES - CONTINUED:  
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Court:</b>				
Personal services	\$ 116,321	116,321	114,559	1,762
Other services and charges	<u>138,500</u>	<u>150,000</u>	<u>159,539</u>	<u>(9,539)</u>
Total court	<u>254,821</u>	<u>266,321</u>	<u>274,098</u>	<u>(7,777)</u>
 <b>Public works:</b>				
Personal services	326,578	340,000	334,834	5,166
Supplies	95,000	95,000	89,014	5,986
Other services and charges	597,984	597,984	526,116	71,868
Capital outlay	<u>20,000</u>	<u>109,000</u>	<u>90,488</u>	<u>18,512</u>
Total public works	<u>1,039,562</u>	<u>1,141,984</u>	<u>1,040,452</u>	<u>101,532</u>
 <b>Grants, subsidies and other expenditures</b>	<u>40,443</u>	<u>40,443</u>	<u>18,749</u>	<u>21,694</u>
 <b>Total expenditures</b>	 \$ <u>3,416,654</u>	 <u>3,565,471</u>	 <u>3,273,261</u>	 <u>292,210</u>

**CITY OF HAZLEHURST**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST 10 FISCAL YEARS \***

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined employer contribution	*	*	*	*	*	*	\$ 256,331	265,628	267,126	285,462	263,613
Contributions in relation to the actuarially determined contributions	*	*	*	*	*	*	256,331	265,628	267,126	285,462	263,613
Annual contribution deficiency (excess)	*	*	*	*	*	*	\$ -	-	-	-	-
City's covered payroll	*	*	*	*	*	*	\$ 1,627,498	1,686,527	1,696,035	1,812,456	1,633,731
Actual contributions as a percentage of covered payroll	*	*	*	*	*	*	15.75%	15.75%	15.75%	15.75%	16.14%

\* Information is unavailable for years prior to the City's implementation of GASB 68 in fiscal year 2015.  
The amounts presented for each fiscal year were determined as of the employer's fiscal year end.

See accompanying notes to required supplemental information schedules.

**CITY OF HAZLEHURST, MISSISSIPPI**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION SCHEDULES  
SEPTEMBER 30, 2019**

**Pension Schedules - continued:**

**NOTE C - CHANGES OF ASSUMPTIONS**

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25 to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

**NOTE D - DATA AVAILABLE AND PRESENTED**

The required supplementary pension schedules are presented to illustrate the requirement to show information for ten years, as required by GASB 68. GASB 68 was implemented during the fiscal year ended September 30, 2015, and only reflects data for years for which trend information is available.

**CITY OF HAZLEHURST, MISSISSIPPI**

**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
SEPTEMBER 30, 2019**

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>
Shirley A. Sandifer	Mayor	\$ 65,000	Travelers
Richard B. Akin	Aldersperson	65,000	Travelers
Frank A. Jones	Aldersperson	65,000	Travelers
Jeremy McKinzie	Aldersperson	65,000	Travelers
Ronald Sims	Aldersperson	65,000	Travelers
Fredrick Sandifer	Aldersperson	65,000	Travelers
Pam Wilbert	City Clerk	50,000	Western Surety Company
Pam Wilbert	Tax Collector	50,000	Western Surety Company
Darian Murray	Police Chief	50,000	Western Surety Company
Angela Henley	Deputy - Tax Collector	50,000	Western Surety Company
Angela Henley	Deputy Clerk	50,000	Western Surety Company
Tammye Hall	Court Clerk	50,000	Western Surety Company
Tammye Hall	Notary	5,000	Western Surety Company
Michelle Harris	Deputy Court Clerk	50,000	Western Surety Company
Emily T. Mitchell	Clerk - Water Department	50,000	Western Surety Company
Arnita Neal	Clerk - Water Department	50,000	Western Surety Company

**STATE COMPLIANCE SECTION**